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AZ CORP COMMISSION  
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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

Arizona Corporation Commission

DOCKETED

AUG 16 2002

DOCKETED BY

CAY

IN THE MATTER OF THE )  
APPLICATION OF LITCHFIELD PARK )  
SERVICE COMPANY FOR AN )  
INCREASE IN ITS WATER AND )  
WASTEWATER RATES FOR )  
CUSTOMERS WITHIN MARICOPA )  
COUNTY, ARIZONA )

DOCKET NO. W-01427A-01-0487

DOCKET NO. WS-01428A-01-0487

NOTICE OF FILING  
SUPPLEMENTAL TESTIMONY

City of Litchfield Park, Intervenor in this action, by and through its attorneys,  
hereby files Supplemental Testimony of Mark Cicchetti, Consultant on behalf of the City of  
Litchfield Park.

Respectfully submitted this 16th day of August, 2002.

MARTINEZ & CURTIS, P.C.

William P. Sullivan, Esq.  
Paul R. Michaud, Esq.  
2712 North Seventh Street  
Phoenix, Arizona 85006-1090  
Attorneys for City of Litchfield Park

LAW OFFICES

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**PROOF OF SERVICE AND  
CERTIFICATE OF MAILING**

I hereby certify that on this 16th day of August, 2002, I caused the foregoing document to be served on the Arizona Corporation Commission by hand-delivering the original and ten (10) copies of said document to:

Docket Control  
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Phoenix, Arizona 85007

With copies of the foregoing hand-delivered this 16th day of August, 2002 to:

Christopher Kempley, Chief Counsel  
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With copies of the foregoing mailed this 16th day of August, 2002 to:

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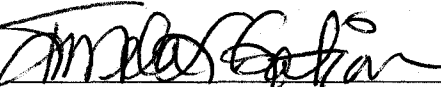
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**WILLIAM A. MUNDELL**  
**CHAIRMAN**  
**JIM IRVIN**  
**COMMISSIONER**  
**MARC SPITZER**  
**COMMISSIONER**

**IN THE MATTER OF THE )**  
**APPLICATION OF LITCHFIELD ) DOCKET NO. W-01427A-01-0487**  
**PARK SERVICE COMPANY FOR ) DOCKET NO. WS-01428A-01-0487**  
**AN INCREASE IN ITS WATER )**  
**AND WASTEWATER RATES FOR )**  
**CUSTOMERS WITHIN MARICOPA )**  
**COUNTY, ARIZONA )**

**SUPPLEMENTAL TESTIMONY OF**  
**MARK CICCHETTI**  
**ON BEHALF OF**  
**CITY OF LITCHFIELD PARK, INTERVENOR**

**AUGUST 16, 2002**

SUPPLEMENTAL TESTIMONY OF MARK CICCHETTI ON BEHALF OF  
THE CITY OF LITCHFIELD PARK. INTERVENOR  
DOCKET NOS. W-01427A-01-0487 and WS-01428A-01-0487  
PAGE 1

1  
2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Mark Anthony Cicchetti and my business address is 2931 Kerry  
4 Forest Parkway, Suite 202, Tallahassee, Florida 32309.  
5

6 **Q. ARE YOU THE SAME MARK CICCHETTI THAT FILED DIRECT**  
7 **TESTIMONY IN THIS DOCKET?**

8 A. Yes, I am.  
9

10 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

11 A. The purpose of my supplemental testimony is to provide the schedule of rates  
12 for water service associated with the recommendations in my direct testimony.  
13

14 **Q. HOW WERE THE WATER RATES SHOWN ON YOUR SCHEDULE**  
15 **OF RATES DETERMINED?**

16 A. As shown on Supplemental Schedule MAC-1, the recommended reduction in  
17 the revenue requirement was determined by multiplying the recommended  
18 reduction in rate base by the allowed overall rate of return and grossing-up the  
19 resultant operating income deficiency by the revenue conversion factor. The  
20 new revenue requirement was then spread over the billing determinants on a  
21 pro rata basis. The recommended rates are shown on Supplemental Schedule  
22 MAC-2.  
23

24 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

25 A. Yes.  
26

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Supplemental Schedule MAC-1

LITCHFIELD PARK SERVICE COMPANY

Supplemental Summary - Water

Description	Per Settlement	City of Litchfield Park
Rate Base	\$5,909,975	\$4,287,683
Rate of Return Requirement	8.535%	8.535%
Required Operating Income	\$504,416	\$365,954
Operating Income Deficiency	\$432,685	\$294,223
Revenue Conversion Factor	1.6834	1.6834
Increase in Gross Revenue	\$728,383	\$495,295

**CITY OF LITCHFIELD PARK PROPOSAL  
WATER DIVISION  
Test Year Ended December 31, 2000**

**PROPOSED CHANGES IN WATER RATES**

DESCRIPTION	PRESENT RATE	ORIGINAL FILING PROPOSED RATE	SETTLEMENT RATE	CITY PROPOSED RATE
<b>5/8" x 3/4" METERS:</b>				
Monthly Service Charge	\$5.20	\$7.30	\$6.75	\$6.11
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
<b>3/4" METERS:</b>				
Monthly Service Charge	\$6.40	\$9.00	\$8.30	\$7.53
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
<b>1" METERS:</b>				
Monthly Service Charge	\$11.25	\$15.90	\$14.60	\$13.31
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
<b>1 1/2" METERS:</b>				
Monthly Service Charge	\$22.00	\$31.25	\$28.60	\$26.15
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
<b>2" METERS:</b>				
Monthly Service Charge	\$43.70	\$62.95	\$56.50	\$52.68
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14

**CITY OF LITCHFIELD PROPOSAL  
WATER DIVISION  
Test Year Ended December 31, 2000  
PROPOSED CHANGES IN WATER RATES**

DESCRIPTION	PRESENT RATE	ORIGINAL FILING PROPOSED RATE	SETTLEMENT RATE	CITY PROPOSED RATE
4" METERS:				
Monthly Service Charge	\$101.20	\$144.25	\$132.00	120.72
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
8" METERS:				
Monthly Service Charge	\$172.50	\$242.00	\$225.00	202.52
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
10" METERS:				
Monthly Service Charge	\$254.25	\$362.00	\$330.00	302.94
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.25	1.14
12" METERS & LARGER:				
Monthly Service Charge	\$345.00	\$483.00	\$450.00	\$404.20
Rate Per 1,000 - First 5,000	0.63	1.02	0.87	0.85
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36	1.32	1.14
CONSTRUCTION WATER:				
Monthly Service Charge	No Rate	\$100.00	\$100.00	\$100.00
Rate Per 1,000 - All Usage	\$0.88	\$2.50	\$2.50	\$2.50
Meter Deposit	\$400.00	\$700.00	\$1,500.00	\$1,500.00

**CITY OF LITCHFIELD PARK PROPOSAL  
WATER DIVISION  
Test Year Ended December 31, 2000**

**PROPOSED CHANGES IN OTHER RATES & CHARGES (1)**

DESCRIPTION	PRESENT RATE	ORIGINAL FILING PROPOSED RATE	SETTLEMENT RATES	CITY PROPOSED RATE
<b>SERVICE CHARGES:</b>				
Establishment of Service:				
Regular Hours	\$15.00	\$20.00	\$20.00	\$20.00
After Hours	30.00	40.00	40.00	40.00
Re-Establishment of Service Within 12 Months:				
Monthly Minimum Times Months Disconnected for		No Change	No Change	No Change
Both Water and Sewer Service ( R14-2-403 )		No Change	No Change	No Change
Re-Connection of Service:				
Regular Hours	\$30.00	\$50.00	\$50.00	\$50.00
After Hours	45.00	65.00	65.00	65.00
Water Meter Test ( If Correct )	\$25 Plus Cost of Test	No Change	No Chnge	No Change
Meter Re-read ( If Correct )	5.00	No Change	No Change	No Change
NSF Check Charge	15.00	20.00	20.00	20.00
Late Charge	1 1/2% Per Mo.	No Change	No Change	No Change
Service Calls - Per Hour:				
After Hours Only	\$30.00	\$40.00	\$40.00	\$40.00
Deposit Requirements	ACC Rule R14-2-403B	No Change	No Change	No Change
Deposit Interest	ACC Rule R14-2-403B	No Change	3.5%	3.5%
<b>REFUNDABLE METER INSTALLATION CHARGES:</b>				
Scheduled Installation Charges:				
3/4" Meters	\$300.00	\$500.00	\$500.00	\$500.00
1" Meters	325.00	600.00	600.00	600.00
1 1/2" Meters	500.00	750.00	750.00	750.00
2" Meters	675.00	1,300.00	1,300.00	1,300.00
Unscheduled Installation Charges:				
Charges For Installation of Meters That are 4" or Greater				
In Diameter Shall be Based on Actual Costs.				

**NOTE:**

(1) Other Rates & Charges for Customers Receiving Both Water and Sewer Service are not Duplicative.

**CITY OF LITCHFIELD PARK PROPOSAL**  
**WATER DIVISION**  
Test Year Ended December 31, 2000

**SUMMARY OF WATER REVENUES AT PRESENT AND PROPOSED RATES**

DESCRIPTION	REVENUES IN THE TEST YEAR <sup>(1)</sup>			CITY OF LITCHFIELD PARK PROPOSAL	INCREASE	
	PRESENT	PROPOSED IN ORIGINAL FILING			AMOUNT	PERCENT
3/4" Meters <sup>(2)</sup>	\$740,155	\$1,107,543		\$926,844	\$186,689	25.22%
1" Meters	373,582	562,428		\$470,666	\$97,084	25.99%
1 1/2" Meters	99,593	151,178		\$126,513	\$26,920	27.03%
2" Meters	301,345	457,671		\$383,001	\$81,656	27.10%
4" Meters	67,554	102,965		\$86,166	\$18,612	27.55%
10" Meters	17,634	26,885		\$22,499	\$4,865	27.59%
Hydrant Sales	22,000	73,500		\$73,500	\$51,500	234.09%
Total Metered Sales	1,621,863	2,482,170		2,089,188	467,325	28.81%
Other Revenues	61,740	77,270		77,270	15,530	25.15%
Total Water Revenues	\$1,683,603	\$2,559,440		\$2,166,458	\$482,855	28.68%

NOTES:

(1) Including Revenue Pro Forma Adjustments

(2) Includes 5/8"x3/4" Meters